

## 12. STRENGTHENING FEDERAL STATISTICS

Economic statistics are valuable tools that economists, policy makers, business leaders, and individual investors use to understand changes in our economy. The ability of our government, our citizens, and our businesses to make appropriate decisions about work, investments, taxes, and a host of other important issues depends critically on the relevance, accuracy, and timeliness of Federal statistics. Data on real Gross Domestic Product (GDP), the Consumer Price Index (CPI), and the trade deficit, for example, have a major impact on government spending, budget projections, and the allocation of Federal funds. They also are critical inputs to monetary, fiscal, trade, and regulatory policy. Economic data, such as measures of price change, have as well a significant influence on interest rates and cost-of-living adjustments that affect every American who runs a business, saves for retirement, or obtains a mortgage.

Recent events provide two dramatic examples of why relevant, accurate, and timely economic data are so important. The shocking terrorist attacks last September and the subsequent ramp-up of security across the whole spectrum of American life raised many questions about the immediate and longer-term impacts on the economy. An equally important issue, which existed even before September 11, was the uncertainty over whether the economy was in, or about to enter, a recession. During turning points in the economy such as an economic slowdown, the accuracy and timeliness of data are especially critical. It is during these periods that fiscal and monetary policy can be most useful in correcting the path of the economy, but appropriate action depends on accurate, timely data. Thus the budget proposes essential increases to strengthen and update these key indicators of our Nation's economic performance to keep pace with changes in our economy's complexity, growth, and structure.

Similarly, current, comparable data on the characteristics of the U.S. population are essential to monitor significant societal changes. Of great import in 2003 will be the continuing delivery of Census 2000 data products used to allocate locally each year nearly \$200 billion in Federal funds alone. The Census Bureau continues to streamline the complex decennial census process and to introduce key innovations, some of which directly address concerns about the quality of data historically provided once a decade via the census "long-form." The plan for the next decade is to completely re-engineer the 2010 Census in order to reduce operational risks, improve accuracy, provide more relevant data, and contain costs. This approach has three major components:

- a simplified 2010 Census and more timely data based on eliminating the decennial long form

through implementation of the American Community Survey (ACS);

- a central, continuously updated address universe and associated geographical products employing satellite and Global Positioning System technology for use in all decennial census and demographic survey programs; and
- a well-tested and planned 2010 Census design produced through systematic development well before mid-decade operational testing.

The American Community Survey is a revolutionary, structural initiative of the statistical system that will provide community profiles similar to those from the decennial census on a far more current basis. For geographic areas with populations greater than 65,000, these profiles will be available every year beginning in 2004. For smaller areas, beginning in 2005 the ACS will accumulate or average data over several years to obtain annual estimates similar in quality and reliability to those currently available only once each decade. Thus, every jurisdiction ultimately will have annual information that portrays change over time. (The official counts of the population will continue to come from the decennial census and the intercensal estimates program.)

Under the aegis of the congressionally-mandated Interagency Council on Statistical Policy (ICSP), the principal statistical agencies continue to extend their collaborative endeavors in other areas as well in order to improve the overall performance and efficiency of the Federal statistical system. For example, the ICSP continues to support FedStats ([www.fedstats.gov](http://www.fedstats.gov)), the "one-stop shopping" Internet site for Federal statistics that permits easy access via an initial point of entry to the wide array of statistical information available to the public from more than 100 Federal agencies. The FedStats team has updated its home page based on recommendations from a usability work group, and enhanced its MapStats section to provide an interactive map-based application to access a variety of data at the State, county, congressional district, and Federal judicial district levels as well as to offer thematic maps with population-based concepts for States and counties.

The statistical system is also working effectively to enhance the quality of data the agencies produce. For example, statistical agencies have developed proposed data sharing legislation that would permit limited sharing of confidential data among selected agencies solely for statistical purposes. Enactment of this legislation will create a framework for statistical agencies to compare and improve the quality of their data.

Despite these accomplishments, rapid changes in our economy and society, and funding levels that challenge statistical agencies to keep pace with them, can threat-

en the relevance, accuracy, and timeliness of our Nation's key statistics. Any growing inability of our statistical system to mirror accurately our economy and society, including the unprecedented growth of electronic commerce, could undermine core government activities, such as the accurate allocation of scarce Federal funds. Fortunately, the most serious shortcomings of our statistical infrastructure would be substantially mitigated by four programs supported in the Administration's budget coupled with a legislative initiative. In particular, these activities would:

- develop an integrated statistical base for analysis of the effects of E-business across our Nation's products and industries, including changes in the structure of investment, pricing, and distribution practices (Bureau of Economic Analysis and Bureau of the Census);
- support the tabulation, analysis, and dissemination of Census 2000 data in order to reap the benefits of Census 2000 investments (Bureau of the Census);
- support early planning for the 2010 Census predicated on a fundamental re-engineering of the census process (Bureau of the Census);
- continue implementation of the American Community Survey program to produce far more timely data for States and local areas that will be used for various purposes, including the distribution of nearly \$200 billion in Federal funds annually (Bureau of the Census); and
- provide new statutory authority for the limited sharing of data among designated Federal agencies solely for statistical purposes. The proposed changes would permit these statistical agencies to manage information in many important respects as if they were part of a single agency, thereby increasing the accuracy of statistical estimates and the efficiency of Federal data collection.

In addition, the statistical system is poised to play a significant role in the Nation's response to terrorism and demands to strengthen homeland security. Thus, the 2003 budget includes, for example:

- development of national data series based on administrative data from State and local units of government to estimate the incidence, prevalence, and consequences of terrorism including injuries, deaths, and other health consequences; to measure economic impacts including unemployment, workplace changes, and security expenses; and to develop information for other policy-relevant issues and responses (Bureau of Justice Statistics, National Center for Health Statistics, Bureau of Labor Statistics);
- support for national data on the incidence and consequences of cyber-related disruptions and attacks on the electronic infrastructure associated with both national and international access to networks and systems of records (Bureau of Justice Statistics, National Infrastructure Protection Center, Federal Trade Commission, Bureau of Economic Analysis); and
- initiatives to address the implications of the war on terrorism with respect to confidentiality of individual data reports, security of data systems, and contingency plans for continuing operations under emergency circumstances.

More broadly, the programs that provide essential statistical information for use by governments, businesses, researchers, and the public are carried out by some 70 agencies spread across every department and several independent agencies. Approximately 40 percent of the funding for these programs provides resources for ten agencies that have statistical activities as their principal mission. (Please see Table 12-1.) The remaining funding supports work in 60-plus agencies that carry out statistical activities in conjunction with other missions such as providing services or enforcing regulations. More comprehensive budget and program information about the Federal statistical system will be available in OMB's annual report, *Statistical Programs of the United States Government, Fiscal Year 2003*, when it is published this summer. The following highlights elaborate on the Administration's proposals to strengthen the programs of the principal Federal statistical agencies.

## HIGHLIGHTS OF 2003 PROGRAM PROPOSALS FOR PRINCIPAL STATISTICAL AGENCIES

**Bureau of Economic Analysis:** Funding is requested to move forward with critical improvements to the Nation's economic accounts that will: (1) accelerate the release of BEA's major economic statistics, which will dramatically increase the usefulness of these data, particularly for government and business decision makers; (2) upgrade the computer processing systems for the economic accounts, which will increase the efficiency and reliability of these critical systems and ensure that BEA's data are accurate, complete, and released on schedule; and (3) incorporate into the economic accounts the new, internationally developed North American Industry Classification System (NAICS), which will require BEA to integrate source

data from statistical agencies that are converting to NAICS on variable time schedules.

**Bureau of Justice Statistics:** Funding is requested to maintain BJS's core statistical programs, including: (1) the National Crime Victimization Survey, the Nation's primary source of information on criminal victimization; (2) the Cybercrime Statistical Program, initiated in 2001 to measure changes in the incidence, magnitude, and consequences of electronic or cybercrime; (3) law enforcement data from over 3,000 agencies on the organization and administration of police and sheriffs' departments; (4) nationally representative prosecution data on resources, policies, and practices of local prosecutors; (5) court and sentencing data; and (6) data

on correctional populations and facilities from Federal, State, and local governments.

**Bureau of Labor Statistics:** Funding is requested to: (1) modernize the computing systems for monthly processing of the Producer Price Index (PPI) and U.S. Import and Export Price Indexes, improve index accuracy, and produce new data outputs such as experimental PPIs for goods and services that will provide the first economy-wide measures of changes in producer prices; (2) proceed with a significant change in the way the Consumer Price Index (CPI) is revised and updated by instituting a process for continuous improvement in place of the periodic major revisions that were undertaken about every ten years; and (3) continue to enhance the BLS information technology security program and replace its decade-old local area network (LAN) infrastructure with a more current and capable LAN system (through a central Department of Labor appropriation).

**Bureau of the Census:** Funding is requested for Census 2000, 2010 Census Planning, and the Census Bureau's economic and demographic programs. For Census 2000, funding is requested to: (1) complete dissemination of data products; (2) respond to concerns from local and tribal governments about the accuracy of the census counts; and (3) complete evaluations of census operations. For 2010 Census Planning, funding is requested to continue work to re-engineer the 2010 Census to reduce operational risks, improve accuracy, provide more relevant data, and contain costs by: (1) establishing an early design and testing infrastructure to allow complete testing of all major elements of the 2010 Census design; (2) fully implementing the American Community Survey to collect data historically collected on the decennial census "long form;" and (3) continuing to replace the MAF/TIGER system with one that uses Global Positioning System technology and satellite mapping imagery to update and improve address information. For the Census Bureau's economic and demographic programs, funding is requested to: (1) support the data collection phases of the 2002 Economic Censuses and Census of Governments; (2) improve measurement of services in the new economy, mainly by the introduction of a quarterly service industry survey; (3) gather new information on business investment in information technology and on changes occurring in supply chain relationships; (4) improve and accelerate the release of trade statistics; and (5) redesign samples based on Census 2000 data for ongoing Federal household surveys that gather data on topics such as crime, employment, and health.

**Bureau of Transportation Statistics:** Funding is requested to: (1) annualize the collection of freight flow data to keep pace with a rapidly changing industry; (2) improve the collection and analysis of aviation data, particularly data related to airline security and financial conditions; (3) enhance TranStats (the Intermodal Transportation Data Base) and expand the National Transportation Library, which provides access to the Nation's transportation research and planning lit-

erature via the Internet; and (4) work on the Safety Data Action Plan, a series of projects to improve the accuracy, comparability, and timeliness of transportation safety data.

**Economic Research Service:** Funding is requested to: (1) support the Economic Research Service's share of re-engineering the Agricultural Resource Management Survey (ARMS), USDA's primary vehicle for collection of information on a broad range of issues about agricultural resource use and costs and farm financial conditions, to improve the quality of key economic indicators of the farm sector derived from the survey, improve the coverage of commodities surveyed, provide ARMS data for key farm states in addition to the Nation as a whole, integrate ARMS with other USDA data collections, and improve the dissemination of ARMS data over the Internet; and (2) examine economic issues with respect to invasive crop pests and livestock diseases within the context of increasingly global agricultural markets.

**Energy Information Administration:** Funding is requested to: (1) continue updating and overhauling EIA's 20-year-old energy consumption surveys to base them on Census 2000 data; (2) complete the overhaul of electric power surveys and data systems to accommodate changes in the industry brought on by deregulation and restructuring; (3) continue improving data quality and accuracy in several key energy surveys (including petroleum, natural gas and electricity); (4) begin development of additional regional energy information; and (5) initiate a weekly survey of natural gas underground storage to replace one that the American Gas Association plans to discontinue.

**National Agricultural Statistics Service:** Funding is requested to: (1) conduct the 2002 Census of Agriculture, which includes mailing three million questionnaires, capturing and editing data, providing assistance to respondents, conducting analyses of census returns, and summarizing census results; (2) enhance computer security protection to ensure confidentiality for reported data and to prevent unauthorized access to market sensitive data prior to public release; (3) develop and implement e-Gov strategies, including capabilities for electronic data reporting and enhanced services to the public; (4) develop an annual integrated locality-based county estimates program; and (5) in cooperation with the Economic Research Service, expand the Agricultural Resource Management Survey (discussed above).

**National Center for Education Statistics:** Funding is requested to: (1) support the National Assessment of Educational Progress (NAEP) program, including administration of the State-level NAEP assessments that are an integral part of the accountability provisions included in the No Child Left Behind Act, (2) continue data collection, analysis, and reporting for a variety of surveys, including the Schools and Staffing Survey, the National Assessment of Adult Literacy, the National Household Education Survey, and the National Study of Faculty and Students; (3) enhance longitudinal surveys, including the Early Childhood Longitudinal

Study kindergarten and birth cohort data collections; and (4) continue work to enhance electronic data collection and dissemination.

**National Center for Health Statistics:** Funding is requested to: (1) continue a multi-year effort to retool and improve national health data systems, including the Vital Statistics System, in order to more fully reflect data needs and utilize state-of-the-art technologies;

and (2) provide information critical to monitoring the dynamics of health and health care, and provide the underpinnings for biomedical research, health policy, and public health practice through support of the National Health Interview Survey, the National Health and Nutrition Examination Survey, the National Vital Statistics System, and the National Health Care Survey.

**TABLE 12-1. 2001-2003 BUDGET AUTHORITY FOR PRINCIPAL STATISTICAL AGENCIES <sup>1</sup>**

(in millions of dollars)

	2001 actual	2002 estimate	2003 estimate
Bureau of Economic Analysis .....	\$50	\$59	\$70
Bureau of Justice Statistics .....	29	32	34
Bureau of Labor Statistics .....	464	489	511
Bureau of the Census .....	2478	2535	757
Periodic Censuses and Programs .....	2292	2336	522
Salaries and Expenses .....	186	199	235
Bureau of Transportation Statistics .....	31	32	35
Economic Research Service .....	69	70	<sup>3</sup> 82
Energy Information Administration .....	79	82	83
National Agricultural Statistics Service <sup>4</sup> .....	106	119	<sup>3</sup> 149
National Center for Education Statistics .....	120	<sup>5</sup> 197	191
Statistics .....	80	85	95
Assessment .....	36	<sup>5</sup> 108	91
National Assessment Governing Board .....	4	4	5
National Center for Health Statistics .....	126	131	130
PHS Evaluation Funds .....	72	23	47
Budget Authority .....	54	108	83

<sup>1</sup>The budget data for each fiscal year are adjusted to include the full share of accruing employee pensions and annuitants' health benefits. For more information, please see Chapter 14, "Preview Report," in this volume.

<sup>2</sup>Does not include an offset to the appropriation of unobligated balances available.

<sup>3</sup>Beginning in 2003, ERS and NASS, rather than a central USDA account, will be responsible for paying their own rent. Therefore, the 2003 level includes an additional \$2.8 million and \$5.9 million, respectively, for these activities.

<sup>4</sup>Includes funds for the periodic Census of Agriculture and Special Studies of \$15.0, \$25.4, and \$42.3 million in 2001, 2002, and 2003, respectively.

<sup>5</sup>Includes \$17.0 million in administrative contract costs not necessary in 2003, consistent with the biennial assessment plan authorized in the No Child Left Behind Act.